

Congress of the United States
House of Representatives
Washington, DC 20515-0530

HENRY A. WAXMAN
30TH DISTRICT, CALIFORNIA

May 23, 2005

The Honorable Joe Barton
Chairman
Committee on Energy and Commerce
2125 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

During a May 16, 2005, hearing before the Subcommittee on Oversight and Investigations, I raised a concern that Congress has held 14 hearings on allegations of abuse relating to the Oil for Food program, but no hearings on the widespread abuses within the Development Fund for Iraq (DFI), the successor to the Oil for Food program controlled by the Coalition Provisional Authority after the invasion of Iraq.

In my opening statement, I said that I believe Congress should investigate both the Oil for Food program and the Bush Administration's stewardship of Iraqi funds in the DFI. I also quoted from several reports by U.S. and other independent auditors that have concluded that the Bush Administration violated U.N. Security Council Resolution 1483, which requires that DFI funds be spent in a "transparent" manner for the benefit of the Iraqi people.

You raised two concerns with my statement. First, you objected to my request for unanimous consent that the audit reports I quoted from — all of which are available on the Internet — be made part of the official hearing record. You stated that you had never heard of these reports before. This claim was surprising, especially given the gravity of the abuses identified and the press attention they received when issued (e.g., *Occupation Authority Did Not Properly Monitor Spending of Iraqi Money, U.S. Audit Says*, New York Times (Jan. 31, 2005)). Your second objection was that I was not acting in a bipartisan manner because I had not formally requested a hearing on the DFI.

This letter is intended to address both of your concerns. First, I formally request that the Committee hold hearings on the Bush Administration's mismanagement of Iraqi funds in the DFI and the Administration's failure to comply with U.N. Security Council Resolution 1483. Second, I direct your attention to the following Internet websites, which provide links to all of the reports mentioned in my opening statement:

- **\$8.8 Billion in DFI Funds are Unaccounted For**
According to U.S. auditors, the Bush Administration has failed to properly account for \$8.8 billion in Iraqi funds.

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Source: Special Inspector General for Iraq Reconstruction, *Oversight of Funds Provided to Iraqi Ministries through the National Budget Process*, online at www.cpa-ig.org/pdf/dfi_ministry_report.pdf.

➤ **Nearly \$100 Million in Cash from the DFI is Unaccounted For**

According to U.S. auditors, the Administration has failed to properly account for \$96.6 million in DFI cash, resulting in the referral of U.S. officials for criminal investigation.

Source: Special Inspector General for Iraq Reconstruction, *Control of Cash Provided to South-Central Iraq*, online at www.cpa-ig.org/pdf/SIGIR_Audit_Control_of_Cash_South_Central_Iraq.pdf.

➤ **Halliburton Overcharged by More Than \$200 Million**

According to Defense Department auditors, Halliburton overcharged by more than \$212 million under a no-bid oil contract awarded in secret by the Bush Administration and funded in part through the DFI.

Source: U.S. Department of Defense, Defense Contract Audit Agency, *Reports on Audit of Revised Proposals for Restore Iraqi Oil Delivery Order Nos. 5-10*, online at www.democrats.reform.house.gov/story.asp?ID=823&Issue=Iraq+Reconstruction.

➤ **The Bush Administration Concealed DFI Overcharges from the United Nations**

At Halliburton's request, the Bush Administration intentionally concealed more than 460 references to overcharges to the DFI from audits submitted to the United Nations.

Source: U.S. Department of Defense, Defense Contract Audit Agency, *Reports on Audits of Proposals for Restore Iraqi Oil Task Order Nos. 5-10*, online at www.democrats.reform.house.gov/story.asp?ID=846.

➤ **The Bush Administration's DFI Stewardship Violated U.N. Security Council Resolution 1483**

According to U.S. auditors, the Bush Administration "violated the Resolution 1483 requirement to use DFI funds in a transparent manner." According to international auditors, the Bush Administration's "use of DFI resources that is not for the benefit of the Iraqi people is in conflict with UN Security Council Resolution 1483."

Sources: Special Inspector General for Iraq Reconstruction, *Oversight of Funds Provided to Iraqi Ministries through the National Budget Process*, online at www.cpa-ig.com/pdf/dfi_ministry_report.pdf; International Advisory and Monitoring Board, *Statement on the Development Fund for Iraq*, online at www.iamb.info/pr/pr042905.htm.

After reading these reports, I am sure you will conclude that their findings are extremely troubling and deserve serious and thorough consideration. I look forward to working with you in selecting witnesses and scheduling hearings in the near future.

Sincerely,



Rep. Henry A. Waxman
Member of Congress

cc. Members of the House Energy and Commerce Committee